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SUBJECT: Previewing Austria's Johannes Hahn as EU Regional Policy Commissioner

REF: A) Vienna 1384; B) Vienna 1390; C) Brussels 1616

Sensitive but unclassified -- protect accordingly.

¶1. (SBU) SUMMARY: This cable offers political background on Johannes Hahn, the 51-year-old Vienna native slated to become European Commissioner for Regional Policy in the second Barroso cabinet. Hahn, who has served as GoA science/higher education minister since 2007, was a surprise candidate for Austria's commissioner slot after a falling out between coalition parties (Social Democratic Party/SPOe and People's Party/OeVP). While the conservative Hahn has little experience on regional policy issues, the GoA is pleased to have him overseeing funds going to its eastern neighbors, where Austria is the leading investor. END SUMMARY.

Hahn's Mixed Political Record in Austria

¶2. (SBU) Hahn currently heads the liberal wing of the center-right OeVP (roughly equivalent to Christian Democratic parties in other Western European countries) and until recently was OeVP chairman in Vienna. Hahn's performance as a regional party leader was not particularly impressive; his reputation as science minister (a portfolio that includes university education and research) has also been mixed. On the positive side, Hahn secured substantial new funding for universities and research programs for 2009-2012, despite the budget constraints imposed by the economic crisis. Hahn also won passage of a 2002 law implementing the Bologna agreement harmonizing EU university degrees, against domestic resistance.

¶3. (SBU) Hahn's reputation in Austria is marred by high-profile reversals. His initiative to withdraw Austria from its expensive participation in the European Center for Nuclear Research (CERN) in spring 2009 was quickly overturned by Chancellor Faymann; Hahn's leadership of the higher education sector has been plagued by student unrest over underfunding and overcrowding. While Hahn is not to blame for university problems -- at fault are the abolishment of university fees in the run-up to fall 2008 elections and the sharp increase in students from other EU countries -- the conflicts have not enhanced Hahn's image. Hahn leaves behind unfinished business in Austria, including university students in open revolt and unfulfilled promises on R&D strategy and funding.

Austrian Financial and Commercial Interests in Eastern Europe

¶4. (SBU) Hahn has no formal experience with regional policy issues, outside of his role as minority party leader in Vienna. He has limited financial experience outside of his role as supervisory board chairman of Novomatic AG (a multinational manufacturer of gaming/gambling equipment). While Hahn himself pledges to be impartial as Commissioner, the GoA and Austrian banks have a stake in promoting the economic development of the new member states in Eastern Europe. Austrian banks are heavily invested in EU funds recipients -- the Czech Republic, Romania, Hungary, Slovakia, Poland and Bulgaria (in decreasing order of Austrian bank assets) -- and Austrian industry has also pumped large amounts of FDI into the region. In recent years, Austria has seen a sharp influx of workers

(and "criminal tourists") from neighboring Slovakia and Hungary (and to a lesser extent, Slovenia and the Czech Republic) -- all of which benefit from EU structural and cohesion funding.

Domestic Reactions to Hahn's Appointment

15. (U) While opposition voices questioned Hahn's qualifications to be an EU commissioner, the body politic in Vienna expressed pleasant surprise that Austrian commissioner will manage the Regional Policy portfolio. The press has pointed out that in terms of budget and staffing numbers, Regional Policy comes second only to Agriculture in the EU Commission. A leading newspaper (der Standard) asserted that Barroso supported Hahn as the representative of a "sober, correct and administratively reliable" country (i.e. Austria) who could act as an "honest broker" in distributing EU funds.

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